GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:5529
ANSWERED ON:02.05.2002
COST OF PRODUCTION OF LPG
JAGMEET SINGH BRAR

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the basis on which the cost of production per cylinder of LPG is calculated;

(b) whether the cost of production of LPG is more in public sector refineries than the private sector refineries;

(c) if so, whether the subsidy on LPG is on account of inefficient and overstaffing of public sector refineries;

(d) if so, the steps taken to reduce the cost of production of LPG; and

(e) the manner in which the cost of cylinder of LPG will be determined after the dismantling of APM?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS AND MINISTER OF STATE IN THE MINIS PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): Oil refining being a continuous process industry with multi-product output, product-wise cost of production is not worked out. The steps taken to improve the competitiveness of the domestic industry and to reduce the cost of production of LPG inter-alia include discontinuation of the cost plus compensation mechanism for the refineries and oil marketing companies with effect from 01.04.98 and 01.04.2002 respectively, improvement in the capacity utilisation of LPG bottling plants by the oil companies etc.

(e): After the dismantling of the APM, for the purpose of computing the subsidy, the cost of cylinder of LPG is proposed to be determined on import parity basis.